

Message Text

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C O N F I D E N T I A L MADRID 03121

LIMDIS

ALSO FOR FDIC (ROBERT MIAILOVICH)

E.O. 11652:GDS

TAGS: EFIN, SP

SUBJ: REQUEST FOR INFORMATION ON BANK HOLDING COMPANY

"RUMASA" AND ON BANCO ATLANTICO

REF: STATE 72093, MADRID 2444, 77 MADRID 8604,

77 STATE 257951

1. RUMASA IS SPAIN'S LARGEST PRIVATELY-HELD HOLDING COMPANY. IT CONTROLS AT LEAST 17 BANKS, AS WELL AS A RANGE OF BUSINESSES INVOLVED IN FOOD PROCESSING, CHEMICALS AND TEXTILES, CONSTRUCTION AND REAL ESTATE, WINE, AND FOREIGN AND DOMESTIC COMMERCE. RUMASA IS VERY GROWTH-ORIENTED, AND PRIDES ITSELF IN NOT DECLARING DIVIDENDS SO THAT ALL EARNINGS CAN BE REINVESTED. ITS REPUTATION AMONG BANKERS AND JOURNALISTS, HOWEVER, IS MARRED BY RUMASA'S PERVASIVE SECRECY ON FINANCIAL MATTERS. THE RUIS-MATEOS FAMILY, WHICH OWNS THE RUMASA GROUP, IS STRONGLY CONNECTED WITH A POLITICALLY IMPORTANT SPANISH CATHOLIC RELIGIOUS GROUP KNOWN AS "OPUS DEI."

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2. ALTHOUGH THE FINANCIAL HEALTH OF THE RUMASA GROUP IS A SUBJECT OF CONTINUOUS DEBATE, THERE IS NO SOLID EVIDENCE OF WEAKNESS. MOST BANKERS, HOWEVER, WOULD PROBABLY BE UNWILLING TO MAKE MAJOR LOANS TO RUMASA UNTIL BASIC PUBLIC DISCLOSURE OF ITS FINANCIAL SITUATION IS MADE. THIS POINT IS NOW ACADEMIC, HOWEVER, SINCE RUMASA APPARENTLY DOES NOT NEED MAJOR EXTERNAL FINANCING.

3. TWO COMPANIES OF THE RUMASA GROUP HAVE RECENTLY PAID OVER 2 MILLION DOLLARS IN FINES FOR ILLEGAL CAPITAL FLIGHT. THE FINES WERE EXTENSIVELY PUBLICIZED.

4. MOST OF THE 17 BANKS CONTROLLED BY THE RUMASA GROUP WERE ACQUIRED WHEN THEIR CONDITION WAS WEAK. BANKERS DO NOT DISPUTE THAT RUMASA HAS DONE A REASONABLY GOOD JOB OF PUTTING THEM ON THEIR FEET AGAIN. THIS SEEMS TO BE WHAT IS HAPPENING WITH BANCO ATLANTICO SINCE WE LAST REPORTED THIS BANK'S CONDITION (SEE 77 MADRID 8604). BANCO ATLANTICO'S 1977 ANNUAL REPORT SHOWS AN IMPROVED AND RELATIVELY STRONG FINANCIAL POSITION. BANKERS HERE NOW ARE LESS CONCERNED ABOUT DEALING WITH THE BANCO ATLANTICO, ALTHOUGH IT IS STILL CONSIDERED TO BE INSENSITIVE TO CUSTOMER NEEDS.

5. OUR SOURCES ALSO TELL US THAT IN THE LAST HALF YEAR RUMASA HAS QUIETLY INCREASED ITS OWNERSHIP OF BANCO ATLANTICO TO SOMETHING ABOVE 50, WHILE GAINING GREATER CONTROL THROUGH THE APPOINTMENT OF JAUQUIN LOPEZ AYUSO AS THE BANK'S GENERAL MANAGER. STABLER

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